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MEMORANDUM

SUBJECT: Funding for Libby, Montana and Gilt Edge, South Dakota

FROM: Max H. Dodson
Assistant Regional Administrator
Office of Ecosystems Protection and Remediation

TO: Mike Cook, Director
Office of Emergency and Remedial Response (OERR)
Office of Solid Waste and Emergency Response

On September 20, 2002, we submitted our comments regarding the Preliminary FY2003 Remedial Action Funding Plan. Our principal concerns were (1) the reduction in funding for the Libby asbestos site based upon the expectation that the Region would fund the intensive data collection effort required at Libby, and (2) the lack of funding for the on-going remedial action at the Gilt Edge Superfund Site in South Dakota. These concerns were discussed with you in a conference call on October 22. The outcome of the conference call was that we would evaluate the amount of deobligations that would be available in FY2003 and you would consider returning 100% of those deobligations to Region VIII to help with the funding shortfall at these two sites. We would also evaluate the impact to the Region from funding the Libby RI/FS and associated data collection efforts out of the Region VIII Pipeline budget.

We have completed the analysis and the results outlined in the attached documents show that the dollars available from deobligations fall substantially short of meeting our needs. Over the last several years, Region VIII had been very diligent about deobligating funds as soon as they became available. The small amount of deobligations available in Region VIII this year is testimony to how successful we have been. We also evaluated the implications to Region VIII from funding the Libby RI/FS out of Regional Pipeline budget. In order to fund Libby, we would have to stop or significantly reduce the other remedial work in Region VIII. We would also have to significantly reduce other pipeline funded activities in the Region. This would have a crippling effect on both the Removal and Remedial Program. We can provide you with more detail if necessary.

We fully appreciate the severity of the funding shortfall this year and the difficulties you would have coming up with additional Remedial Action (RA) money for Region VIII. Therefore,



we have evaluated all of the options for funding these two sites, with particular emphasis on not requesting any additional RA funds, and offer the following proposal.

Gilt Edge Mine Superfund Site

As outlined in Table 1, we propose to cover our shortfall of \$3.5M in the following manner.

- o Move \$2.5M of on-going FY03 RA funds allocated for the California Gulch Superfund Site, Colorado to help fund the completion of the Ruby Cap. The California Gulch money was intended to fund the remedy for handling contaminated runoff at OU-6, Stray Horse Gulch, part of the massive California Gulch Superfund Site. The most viable alternatives being evaluated have been to transport the contaminated water to either a water treatment plant operated by the ASARCO mining company or a water treatment plant operated by the US Bureau of Reclamation. Both alternative have some significant implementation issues. We have decided to expand the scope of the RI/FS to include an evaluation of an alternative that would consolidate both treatment facilities. This alternative has the potential to realize substantial long term cost savings and address other environmental problems at the site but will delay issuance of the Record of Decision beyond this FY.

- o Move \$500K of the \$1.1M FY03, LTRA funds from the Central City/Clear Creek site to the Gilt Edge Mine Site. Due to drought and other factors, water treatment costs have been less than projected. The State currently has a balance in that account that we would ask them to draw down. That balance plus \$600K in FY03 LTRA funds would adequately cover this years costs. This would free up \$500K for use at the Gilt Edge Mine Site.

- o Move \$700K from the Denver Radium Site to the Gilt Edge Mine Site. We would ask the State of Colorado to accelerate the State Superfund Contract payment at the Denver Radium Site allowing us to move \$700K to the Gilt Edge Mine Site.

By doing all of the above we would have \$3.7M available to complete the work on the Ruby Dump and have a small contingency available if necessary.

Libby Asbestos Site

In Table 2, we have outlined a funding proposal for both the cleanup activities we will address under the current Action Memo and work necessary to complete the RI/FS. There is considerable overlap between the two activities in that much of the data collected under one activity will be utilized in the other. The Table illustrates how we propose to utilize the RA funds at the current \$5M funding level, the allocated \$17.6M funding level and the requested \$21.1M funding level. Funding at the \$17.6 M or \$21.1M dollar level will allow us proceed with the cleanup and also make substantial progress toward completing the RI/FS. We would also propose to supplement these funds with the deobligations shown in Table 3.

In my September 20 memo, I summarized the consequences of not proceeding with the completion of the Ruby Cap, not funding Libby at the promised \$21.1M level and the consequences of delays in completing the RI/FS for Libby and will not repeat them here. I recognize the serious budget constraints the program is currently operating under. The proposal outlined in this memo allows the Region to make substantial progress on both sites without any

additional RA funds or pipeline funds from outside Region VIII. I suggest that once you have had an opportunity to review this information, we schedule another conference call to address any questions you may have and decide how to proceed at these two important sites. If you or your staff have any questions, please let us know.

Table 1**Gilt Edge Mine, SD****Plan: *Fund by redirecting regional RA AOA funds***

Site/Activity	Comment	Amount
California Gulch	Funds will not be needed for this activity until FY04	\$2,500,000
Central City, Clear Creek	Reduce \$1.1M site need to \$600K due to changed site conditions	\$500,000
Denver Radium Site	Reduce \$10M site need to \$9.3M by having Colorado make \$700K SSC payment 9/1/03.	\$700,000
		\$3,700,000

Table 2: Region VIII Libby FY 2003 Spending Approach (DRAFT 12/10/2002)

Action/Task	Amount of existing \$5M to be applied	Work accomplished	Amount of \$17.6M to be applied	Cumulative work accomplished	Amount of \$21.1M to be applied	Cumulative work accomplished
Primary Cleanups	\$1.4M	At an estimated \$50k per property, about 30 properties could be remediated. This would last through approximately March.	\$11.6M	At an estimated \$50k per property, 230 properties could be remediated. 200 is probably a realistic expectation.	\$14.0M + \$500k = \$14.5M	At an estimated \$50k per property, 290 properties could be remediated. 250 is a realistic expectation. This will include \$500k of other non-typical cleanups as well.
Primary Cleanup Support	\$800k	Support through March.	\$1.5M	Support through September; most planned tasks completed	\$1.5M	Same
General Site Support	\$500k	Fund ongoing contracts such as EPA Information Ctr; primarily community involvement	\$500k	Same	\$500k	Same
Site Characterization	\$1.0M	Analyze most samples collected last year; feed cleanup cue for the year.	\$2.5M	Analyze remaining samples from last year, conduct field work for further investigation properties begin feeding cleanup cue for 2004.	\$3.1M	RI 90% complete.
Risk Assessment	\$600k	Contracting of animal dosing effort; partial payment	\$800k	Completion of effort	\$800k	Same
Analytical Method Development	\$500k	Finalize method(s) for analyzing samples from last year.	\$500k	Same	\$500k	Same
Other	\$200k	Litigation support, etc.	\$200k	Same	\$200k	Same

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Region VIII's budget request for FY 2003 was \$21.1 million. This estimate was compiled based on the best information available at the time. However, Region VIII's plan for conducting rapid investigation and cleanup in Libby continues to evolve and there are still many uncertainties associated with analytical costs, risk assessment, the number of properties ultimately requiring cleanup, and "typical" costs per property. These uncertainties make budget forecasting difficult and must be considered when HQ or others evaluate budget requests and spending plans. Region VIII will update CERCLIS periodically and discuss issues with HQ as information becomes available.

Region VIII's general investigation and cleanup plan, discussed in detail with Rich Troast in Denver on December 4 and provided to HQ during summer 2002, is designed as a comprehensive approach which attempts to anticipate and solve the many challenges which must be overcome to complete ALL cleanups in the Libby residential/commercial area in the most timely, efficient, and defensible manner possible. Because the time frame for the large-scale, complex Libby cleanup is very compressed, there are many critical path items that cannot be delayed in execution. Delaying any of these efforts, or focusing only on short-term emergency cleanups, will likely cause delays in the overall project schedule at some point and will lead to increased costs later. During 2003, these varied critical path efforts include:

1. Conduct of "emergency" cleanups at a pace of 200-300 properties per year. These cleanups include removal of vermiculite insulation and asbestos source materials as discussed in the May 2002 Action Memorandum Amendment. There is also extensive related support work for these cleanups, including community involvement, sampling and reconnaissance to pre-characterize the properties as needed, and associated design and contracting for the entire effort. These support activities are just as crucial as the actual work, especially over the long-term to reduce costs. Approximately 20 properties were completed in 2002, bringing the running total residential/commercial cleanups completed since 2001 to approximately 30.
2. Remedial Investigation work. This work is necessary to perform the sampling and characterization discussed above as it relates to EMERGENCY cleanups (we must identify the houses we've committed to clean - the farther in advance the better), as well as identifying and investigating properties that are not emergencies but nonetheless will require cleanup (we need to investigate these now so there is no delay in switching from emergency cleanups to lower priority ones in a few years), and identifying properties that are clean. This work includes extensive field work, analytical costs, GIS and database development and maintenance, and community involvement support. Some of this work was conducted in 2002 but much remains.
3. Risk Assessment work. Currently, there are inadequate tools to develop a sound baseline risk assessment for Libby. At this point, we *can* say for certain how much asbestos is bad, but we *cannot* state for certain how much asbestos is acceptable. This is critical for sound cleanup decisions on the remedial front and for cost recovery. Region VIII is proposing a limited animal dosing effort to help in deriving site specific cleanup goals for Libby.
4. Development and testing of new or refined analytical methods. To meet specific data needs in Libby and ensure analytical dollars are spent efficiently, Region VIII is conducting development and testing of a variety of analytical methods. This work will pay off in better data and lower analytical costs.

To accomplish the FY 2003 portion of this plan, Region VIII is using the general spending approach broken out in the accompanying table. The

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spending approach describes what action(s) will be funded, to what degree, and what will likely be accomplished based on current estimates. It also breaks out how Region VIII will use the \$5M recently provided, how we would use \$17.6M if that is ultimately what we receive from HQ and cannot augment it, and how we would use \$21.1M should HQ or the region find a way to fully fund the 2003 budget request. The level of detail is intended to address only broad-scope questions, and approach will likely vary as needs and costs are better identified.

Table 3

Libby, MT

Plan: Fund from regional deobligations and redirected RA funds

Site/Activity	Location of Funds	Amount	Probablility	Timing
Broderick Wood Products	SSC.	\$163,673	H	2/03
Ogden Railyard	Region 6 RAC	\$180,000	H	12/02
Chemical Sales	CDPHE CAG	\$250,000	H	12/02
Superfund Records Center	GSA./IAG (expired)	\$60,000	H	1/03
Basin Mining Area OU01	RAC (RI/FS)	\$200,000	H	1/03
Total		\$853,673		